

House File 669

H-1062

1 Amend House File 669 as follows:

2 1. By striking everything after the enacting clause and  
3 inserting:

4 <Section 1. NEW SECTION. **476.49 Private generation rates**  
5 **— infrastructure support options for customers.**

6 1. The general assembly recognizes the importance of  
7 electric utility infrastructure, including electric generation,  
8 transmission, and distribution systems, to provide electric  
9 service to all customers in this state, whether electricity  
10 is generated by a public utility, by a customer, or on behalf  
11 of a customer. The general assembly also recognizes that  
12 tariffs for electric service are traditionally designed for  
13 the provision of full electric service to customers, not  
14 taking into account the private generation of electricity. It  
15 is the intent of the general assembly to require customers  
16 who utilize private generation to pay their share of costs  
17 of electric utility infrastructure, thereby eliminating  
18 cross-subsidization. It is also the intent of the general  
19 assembly to provide private generation customers with options  
20 to pay their share of costs.

21 2. For purposes of this section, unless the context  
22 otherwise requires:

23 *a. "Avoided cost"* means the energy rate paid by an electric  
24 utility for energy purchases from a private generation customer  
25 established in the electric utility's board-approved tariff for  
26 cogeneration facilities and small power production facilities  
27 and in accordance with section 476.43.

28 *b. "Private generation customer"* means an electric utility  
29 customer who utilizes a private generation facility.

30 *c. (1) "Private generation facility"* means an alternate  
31 energy production facility, as defined in section 476.42, that  
32 is owned, leased, operated by, or operated on behalf of a  
33 private generation customer and whose production of electricity  
34 is used to offset a portion or all of the customer's  
35 electricity bill or usage that would otherwise be purchased

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1 from an electric utility.

2 (2) "*Private generation facility*" does not include any of  
3 the following:

4 (a) A cogeneration facility as defined in 18 C.F.R. pt. 292,  
5 subpt. B, including without limitation combined heat and power  
6 facilities.

7 (b) A facility that produces renewable fuel as defined  
8 in section 214A.1, which is registered with the United  
9 States environmental protection agency as a manufacturer, in  
10 accordance with the requirements set forth in 40 C.F.R. §79.4.

11 (c) A facility that utilizes a de minimus amount of biomass  
12 in its operations. For purposes of this subparagraph division,  
13 "*de minimus*" means less than ten percent of all fuel utilized in  
14 the generation processes.

15 (d) A private generation facility with a nameplate  
16 generating capacity greater than one megawatt.

17 3. A rate-regulated electric utility may file tariffs with  
18 the board applicable to any private generation customer who  
19 utilizes a private generation facility installed on or after  
20 the date a tariff is approved pursuant to subsection 4. All  
21 tariff rates charged to a private generation customer for  
22 electric service shall recover the electric utility's actual  
23 cost of providing electric service to the applicable customer  
24 class, as determined by the board in the electric utility's  
25 most recently approved rate proceeding. Tariffs filed pursuant  
26 to this section shall be designed to ensure that a private  
27 generation customer pays for electric utility infrastructure  
28 costs. Tariffs filed pursuant to this section shall require a  
29 private generation customer to choose one of the following rate  
30 structures for the provision of electric service:

31 a. A minimum infrastructure charge rate structure whereby  
32 the private generation customer pays a minimum amount each  
33 month, or the private generation customer's applicable standard  
34 electric service bill, whichever is higher. The private  
35 generation customer's applicable standard electric service

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1 bill shall be calculated using the applicable standard retail  
2 tariff. This tariff rate structure shall allow the private  
3 generation facility to offset the private generation customer's  
4 energy usage, and shall allow excess energy to carry forward  
5 in the form of excess energy credits to offset the private  
6 generation customer's energy usage in future billing periods.  
7 This tariff rate structure shall also include an annual  
8 cash-out of excess energy credits at a rate that does not  
9 exceed the electric utility's avoided cost.

10     *b.* A multi-part rate structure whereby rates applicable  
11 to the customer include, at a minimum, a fixed basic service  
12 charge, an energy charge designed to recover variable costs,  
13 and a monthly demand charge designed to ensure that the  
14 private generation customer pays for fixed electric utility  
15 infrastructure costs. This tariff rate structure shall  
16 allow the private generation facility to offset the private  
17 generation customer's energy usage, and shall allow excess  
18 energy to carry forward in the form of excess energy credits to  
19 offset the private generation customer's energy usage in future  
20 billing periods. This tariff rate structure shall also include  
21 an annual cash-out of excess energy credits at a rate that does  
22 not exceed the electric utility's avoided cost.

23     *c.* A buy all and sell all rate structure whereby the private  
24 generation facility's output is measured separately from the  
25 private generation customer's consumption. All electricity  
26 consumed shall be purchased from the electric utility and all  
27 electricity generated shall be sold to the electric utility on  
28 a monthly basis. Rates applicable to the private generation  
29 customer for all electricity purchased from the electric  
30 utility shall be the applicable standard retail tariff.  
31 Rates applicable for electricity purchased from the private  
32 generation customer shall not exceed the electric utility's  
33 avoided cost.

34     *d.* A rate structure filed by the electric utility that  
35 recovers the electric utility's cost of providing electric

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1 service to the applicable customer class, subject to board  
2 approval.

3 4. The board shall review a tariff filed pursuant to this  
4 section for compliance with this section, and shall approve the  
5 tariff as filed or docket the tariff for review in a formal  
6 proceeding pursuant to section 476.6, and thereafter either  
7 approve the tariff or modify the tariff to meet compliance  
8 with this section within six months of the date of docketing.  
9 If the board fails to complete a review of the tariff within  
10 six months of the date of filing, the tariff shall be deemed  
11 approved. A tariff approved pursuant to this subsection shall  
12 supersede any previously approved tariffs applicable to private  
13 generation customers, except as provided in subsection 5.

14 5. A private generation customer who utilizes a private  
15 generation facility pursuant to a tariff approved by the board  
16 on or before the effective date of this Act may continue to  
17 receive electric service pursuant to the preexisting tariff for  
18 the remaining duration of the contract involving the private  
19 generation facility, regardless of any subsequent change in  
20 ownership of such private generation facility. However, if the  
21 private generation customer terminates electric service with  
22 the electric utility, the preexisting tariff shall no longer  
23 apply and the private generation customer shall be required to  
24 receive electric service pursuant to a tariff approved pursuant  
25 to subsection 4, provided that the electric utility filed such  
26 tariff with the board.

27 6. Nothing in this section shall preclude a customer  
28 from entering into a contract with an electric utility as an  
29 alternate energy production facility, cogeneration and small  
30 power production facility, or a standby and supplemental power  
31 service customer under the terms of the electric utility's  
32 separate alternate energy production facility, cogeneration and  
33 small power production facility, or standby and supplemental  
34 power service tariffs filed pursuant to the federal Public  
35 Utility Regulatory Policies Act of 1978, 16 U.S.C. §2601 et

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